

## **LAND INFORMATION MEMORANDUM – A Useful Tool to the Residential Property Purchaser**

In recent times, it has become increasingly common for purchasers of residential houses, whether first home buyers or seasoned property investors, to obtain what is commonly referred to as a Land Information Memorandum from the relevant local council. A Land Information Memorandum, or LIM, contains information held by council which relates to the property.

A LIM will contain a wide range of information covering a number of matters relating to the property. Of particular concern to any prospective purchaser will be information contained within the LIM which refers to any building work carried out on the property.

Generally, information contained within the LIM regarding building works will be of two types. Firstly, the LIM may refer to building permits issued for certain building works. Building Permits were issued by council for all works until the introduction of the Building Act 1991. After the introduction of the Building Act 1991, council began to issue, what are known as building consents, as opposed to building permits, for proposed works. In addition, the LIM is also likely to reveal whether, what is known as a code compliance certificate, was issued with respect to a building consent. Under the Building Act 1991, where a building consent has been approved, it is a requirement, that after a final inspection of the building works has been passed, that council ensure a code compliance certificate is issued with respect to such works. This has the effect of a final sign off.

In addition, some councils will also include floor plans with the LIM. The advantage of this is that an examination of such plans may bring to light building works which have been carried out on the property, but which have not been appropriately authorised by council.

Aside from information regarding building works on the property, the LIM also contains other useful information for a prospective purchaser. For example, the LIM may contain information which points out special characteristics of the property. This may include such things as whether or not the property is subject to soil instability, potential flooding, or in a high wind zone. Such information can take on particular significance for prospective purchasers who may wish to develop the property in the future.

However, although a LIM will generally be quite comprehensive, there are some matters on which it may be silent. As noted above, a LIM represents information the council holds on file, and does not include a physical inspection by them of the property. It therefore remains up to the purchaser to ensure that they inspect the property themselves and carefully inspect plans held by council to ensure all building works are in compliance with council requirements. In addition, many LIMs will not reveal whether or not a property is of archaeological significance. Naturally, this may effect development of the property.

Generally, any purchaser who wishes to order a LIM from the council should ensure that a LIM condition is included in any sale and purchase agreement entered into. If the LIM discloses a matter about which a purchaser is not satisfied, a purchaser may have a right to raise such matter with the vendor, which the vendor may be required to rectify at their cost or the contract will end up cancelled with both parties walking away.

If you are thinking of purchasing a residential property, we suggest that you contact any of our property team who would be happy to discuss the above matters raised with you.